



Entrepreneurship



Mary, supported by Feed the Future, has her own vegetable stand at her local market in Homa Bay County.

USAID/Kenya Contacts:

Karen Freeman
Mission Director
Tel: + 254 (0) 20 862 2000
Email: kfreeman@usaid.gov

Mark Carrato
Chief, Office of Economic Growth
Tel: + 254 (0) 20 862 2000
Email: mcarrato@usaid.gov

Robert Powers
Chief, Office of Education & Youth
Tel: +254 (0) 20 862 2000
Email: wpowers@usaid.gov

Activity Areas:

- Agricultural enterprise development.
- Investment in new technologies and innovations to improve agricultural productivity.
- Youth empowerment and livelihoods support.
- Access to credit for small and medium enterprise and new loan products for youth and women entrepreneurs.

Achievement Snapshots:

- \$312 million in credit for agriculture and rural businesses mobilized and 826,120 micro, small and, medium enterprises accessing loans.
- At the end of FY2015, the 31 youth savings and credit cooperatives were managing a combined total of \$1,500,000 in deposits and loans for youth microenterprise.
- 878 youth in Nairobi’s informal settlements have been trained in business skills, of which approximately 80% have started and/or improved their own businesses.

OVERVIEW

Africa and Kenya in particular, has become a center for innovation and entrepreneurship. Kenya is a world leader in mobile-money, driven in part by the market leader, M-PESA. Second generation mobile money driven innovations in Kenya such as the mobile microfinance service M-SHWARI and “pay-as-you-go” home solar systems from M-KOPA show the potential of mobile money to break down barriers to development. Kenya is on the frontlines of innovation more broadly, with creative entrepreneurship incubation spaces such as “iHub,” and companies like Google, IBM, and Intel strengthening operations in Nairobi. In July 2015, the Kenyan and United States governments co-sponsored the sixth annual Global Entrepreneurship Summit in Nairobi. The 2015 summit focused on generating new investments in entrepreneurs, particularly women and young entrepreneurs.

Despite the Kenyan people’s talent, drive, and willingness to quickly adopt new innovations, significant difficulties remain for entrepreneurs. The Government of Kenya has recently taken steps to remove obstacles by using technology to streamline and simplify bureaucratic procedures, and reducing or eliminating minimum-capital requirements. USAID partners with the Government of Kenya and numerous private-sector partners to provide support, technical assistance, incubation capacity for new ideas and enterprises, and advocacy for changes in policy.

PROGRAM AREAS

Agriculture & Business

Increasing Productivity and Incomes

The Feed the Future initiative has made substantial investments in enterprise development in support of Kenyan Government efforts. With the right incentives, productivity will increase as young entrepreneurial farmers enter the sector and embrace the use of technology to transform subsistence agriculture into commercial operations. Through various Feed the Future activities, 6,043 food security private enterprises (for-profit), producer organizations, water-users associations, women’s groups, trade and business associations, and community-based organizations received U.S. Government support.

Although private investment is driving agricultural expansion, road blocks are slowing growth. To stimulate growth, strengthen value chains, and encourage young people to view farming as viable economic activity, Feed the Future provided extension services and business development services for smallholder farmers in dairy, horticulture, livestock, and staple crops. Currently, more than 150,000 farmers participate directly in Feed the Future in Kenya. On average, 56 percent of people participating directly in Feed the Future project interventions are women.

Incubating and Scaling Innovation

Feed the Future harnesses the ingenuity of the private sector by investing in new ideas and technologies with the potential to improve the productivity and incomes of smallholder farmers and their families. The

Kenya Feed the Future Innovation Engine program provides opportunities for innovative Kenyan entrepreneurs to take risks,

build pilots, develop technology, and test and expand innovations for widespread impact. In addition to investment capital, innovators also receive technical assistance, coaching, and mentoring to help bring their inventions and technologies to scale.

The USAID Feed the Future Kenya Innovation Engine (KIE) provides an opportunity for Kenyan entrepreneurs to address fundamental needs by testing and scaling up their ideas for agricultural innovation. 500 maize farmers realized over 30% increase in yield by using maize seed resistant to striga weed. Similarly, the program enabled mango, tomato, and French bean farmers to realize similar improvements. A total of 846 rural households benefited from this innovation.

Increasing Access to Finance and Credit

As in many emerging markets, a majority of small businesses and promising entrepreneurs cannot access loans they need to grow. The USAID Development Credit Authority uses risk-sharing agreements to mobilize local private capital to fill this financing gap. Kenya is USAID's largest Development Credit Authority portfolio, linking loan guarantees with the banking sector and providing technical assistance for new financial products that target small farmers, female entrepreneurs and small businesspersons. Access to finance is another limiting factor affecting agricultural productivity in the country, as farmers are not able to access finance to adopt new technologies. Through the Financial Inclusion for Rural Microenterprises program, the Mission has increased access to banking services among poor households. This support increases productivity as farmers access loans to apply new technologies and procure inputs necessary to increase income from their farming activities. In FY2015, USAID facilitated over \$312 million (target: \$503 million) in credit for agriculture and rural businesses to 826,120 SMEs and farmers (target 300,000).

USAID is also helping financial institutions develop and roll out strategy on agriculture lending to microenterprises, including increasing the quantity of loan products designed to support agriculture microenterprise value chains. New and innovative loan products are helping smallholder farmers and other entrepreneurs purchase improved seeds, fertilizer, and other inputs necessary for growth.

Building a Cadre of Young Entrepreneurs

The largest USAID youth-empowerment activity, Yes Youth Can, has helped Kenyan youth expand their economic opportunities, contribute to their communities, and become responsible members of society. The youths democratically elect their own leadership and speak collectively through youth-led bungenes, or parliaments. In FY 2015, YYC helped Kenyan youth maintain a national network of 23,000 village youth *bungenes* (parliaments) as well as 31 youth-led and managed Savings and Credit Cooperative Organizations directly administering savings and loans totaling \$1,500,000, and expanding into 32 of Kenya's 47 counties, from FY 2014's 30 counties.

Other institutions, such as Rafiki Microfinance Bank Kenya, are developing innovative savings and loan products for young people. USAID partners with local organizations such as The Youth Banner and the Housing Finance Foundation to help youth in Nairobi's informal settlements to develop viable livelihoods through business and vocational skills training, mentorship, and financial and employment linkages.



USAID's Yes Youth Can activity helps youth expand their economic opportunities and contribute to their communities. In Keiyo South, 28-year-old Abishag Toroitich (photo at left) is a shining example of how young women entrepreneurs are contributing to community development. A member of the Elgeyo Marakwet Youth Bunge County SACCO, Abishag has invested in a clothing shop, the only cyber café in Biretwo Center, and built rental houses—thereby providing essential services to her community. “We used to board a bus to neighboring towns to access typing, printing, printing, binding and photocopy services. I got tired of this routine and opened a cyber cafe. It is the only one in Biretwo Center,” she said.

"I have been trained in financial management, marketing, branding and customer service. Armed with these skills, I have a vision to grow my businesses beyond Elgeyo Marakwet County. I make profits averaging Ksh 30,000 per months from the three businesses." Abishag first took a loan of Ksh 100, 000 from the Elgeyo Marakwet Youth Bunge County SACCO in 2014. Currently, she is servicing a Ksh 200,000 loan. "I have employed female youth in my businesses. Part of this is because I want to mentor as many as possible girls so they can engage in economic development activities and improve the lives of their families. The girls are better at customer service, bookkeeping and making decisions when I'm away."